

**GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:3775
ANSWERED ON:17.04.2008
USE OF LIQUOR .ADV
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

- (a) whether the use of liquor all over the country is increasing day by day;
- (b) if so, whether liquor business brings a great revenue to the Government;
- (c) if so, the details thereof; and
- (d) the steps taken to check the increasing fund in use of liquor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FOOD PROCESSING INDUSTRIES (I/C) (SHRI SUBODH KANT SAHA)

(a) to (c): Total domestic production plus import of alcohol (both industrial and potable) has increased nearly by 20% from year 2000-01 to year 2005-06 i.e. in 6 years, which comes to more than 3% increase per annum. All India annual consumption of all liquors in 2004-05 was 3,281 lakh cases with per 100 capita consumption of 34 cases (excluding prohibition States/ UTs). States collected revenue of more than Rs. 27,865 Crores including Sales Tax on manufacture and sale of liquor with annual per capita tax of Rs. 282. The overall liquor consumption registered a CAGR of 5.40% from 02-03 to 04-05, which is higher than the growth rate of population but lower than the growth rate of economy. Revenue, however, registered a higher CAGR of 8.7%, which is higher than the growth in volume as well as in the economy.

(d): Liquor is universally recognized as a socially negative product. Alcohol is recognized for its revenue generating potential. Most effective measures in reducing the use of liquor includes restriction on physical availability, minimum age law, monopoly and licensing system, liquor taxes and restriction on discounting and policies such as maximum Blood Alcohol Concentration (BAC) law etc. Raising rates beyond the threshold would lead to evasion of taxes, smuggling and illicit distillation instead of generating higher revenue and discouraging consumption. Therefore, the efforts should be to rationalize tax and policy regime so as to plug leakages and realize the revenue due to the states from controlled, legitimate and responsible drinking.